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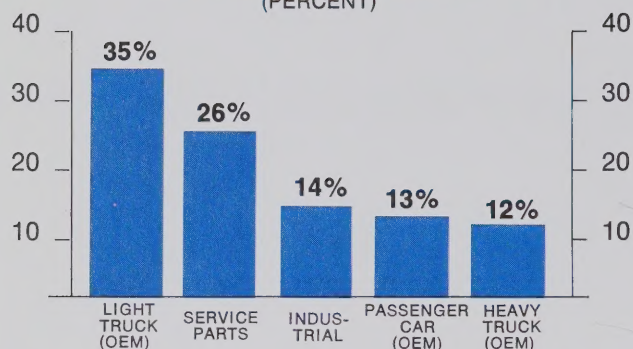
1976 REPORT



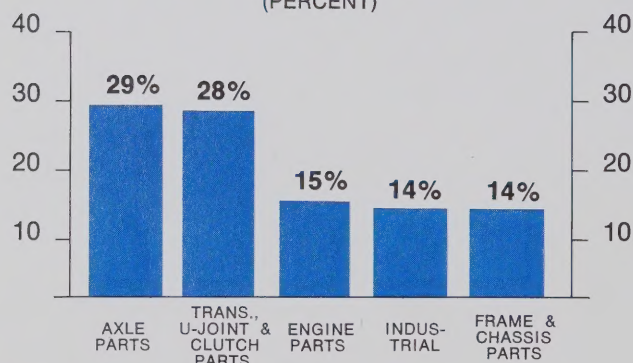
Broadening our Base

First Timers

WORLDWIDE MARKETS
(PERCENT)



WORLDWIDE PRODUCTS
(PERCENT)



NOTE: The "worldwide markets" and "worldwide products" charts shown represent total sales of consolidated Dana Corporation and total sales of unconsolidated affiliates. Sales of transmission, universal joint, clutch, engine and axle parts to the industrial market are included under industrial.

CORPORATE OBJECTIVES

	CURRENT BUSINESS	NEW VENTURE
EARNINGS PER SHARE GROWTH TREND	12% /YEAR	15%
SALES GROWTH TREND	11% /YEAR	15%
RETURN ON SALES	6.5%	7%
RETURN ON TOTAL ASSETS	11%	13%
RETURN ON INVESTMENT	18%	21%
ASSET/SALES	60%	55%
RETURN ON INTERNATIONAL INVESTMENT	12-14%	12-14%

For those who are receiving our Annual Report for the first time, the following is presented as a "thumbnail" sketch of Dana Corporation:

Q. How did Dana Corporation get started?

A. In 1903, Clarence Spicer adopted the idea of a universal joint and driveshaft to replace the chain and sprocket that were then standard on motor vehicles. He founded the Spicer Manufacturing Company in Plainsfield, New Jersey, to make his product. In 1946, the company's name was officially changed to Dana Corporation, honoring Mr. Charles A. Dana, who was associated with the firm from 1914 until 1975.

Q. So Dana Corporation has grown up with the Motor Vehicle Industry?

A. Yes. Especially during our formative years. In more recent times our growth has been based on acquisitions and new proprietary products that have greatly broadened Dana's base, worldwide. Today, we look at our markets in terms of product applications involving the transmission and control of power.

Q. How does Dana serve these worldwide markets?

A. Our North American operating divisions and our international affiliates provide their products and services from 253 facilities in 23 countries throughout the "free world."

Q. Then Dana Corporation is principally motor vehicle parts oriented?

A. Essentially, yes. However, we believe that some diversification is healthy. Dana's activities in the non-motor-vehicle market have increased from less than 1% of sales in 1955 to about 14% today. While motor vehicle parts will be the larger part of our sales for some years to come, we will continue to increase our activities in industrial products and, by 1980, expect this market to reach 20% of our sales.

Q. What areas of the industrial market are of particular interest to Dana?

A. Construction, mining, marine, electronics, industrial machinery and power generation, to mention only a few. We believe in serving those segments of this market that are compatible with our management and technological skills and with our long-range corporate objectives.

Q. What are these corporate objectives?

A. Our continuing objective is stability . . . in the form of security of investment and reasonable return for our shareholders and in jobs and opportunities for the people of Dana. To accomplish this, we have created practical and attainable "goals" (shown at the left) that we believe will assure our continued growth for the years ahead.

the Cover

We continue our "theme" approach of reporting to our shareholders on the progress of ongoing programs and the objectives of the corporation's philosophy and planning.

"Broadening Our Base" is our theme for Fiscal 1976-1977. In selecting our cover illustration, we thought this photograph of the Colorado mountains symbolized the solid, enduring stability that is the continuing goal of all that we do.

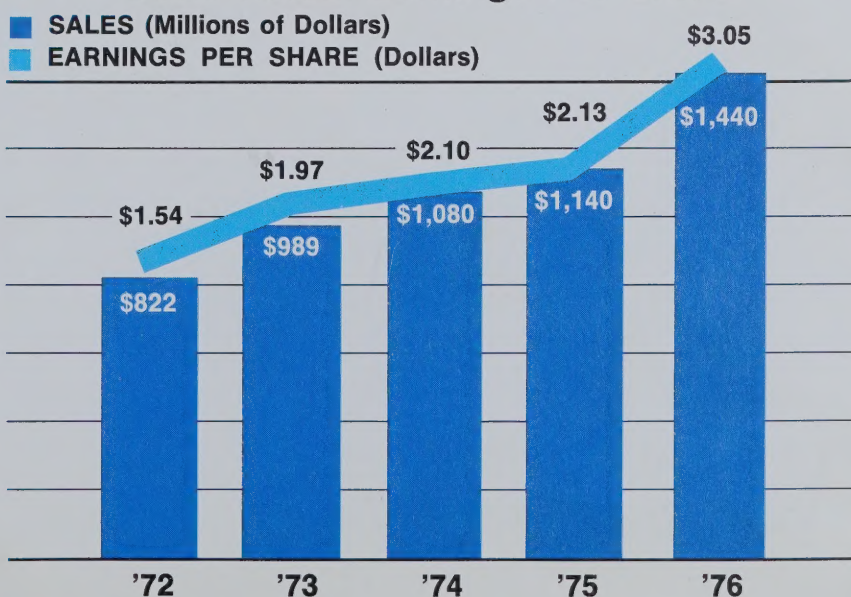
Financial Performance



Year Ended August 31,	1976	1975	Percentage Change
Net income per common share.....	\$3.05	\$2.13	+ 43%
Dana dividend rate per common share.....	\$.84	\$.68	+ 24%
Our net income after tax amounted to.....	\$89,200,000	\$62,200,000	+ 43%
Our income taxes were.....	\$76,000,000	\$53,900,000	+ 41%
We made on each dollar of sales.....	6¢	5½¢	
Received from customers for products and services.....	\$1,440,000,000	\$1,140,000,000	+ 27%
Number of shareholders.....	32,800	25,700	+ 28%
Number of bondholders.....	771	814	
Number of people.....	24,400*	20,600	

*Includes Brown Brothers for the first time.

Dana Sales/Earnings Per Share



a Letter to our Shareholders:



October 28, 1976

We have good news — our sales increased 27% to \$1,440,000,000 and our income increased 43% to \$89,200,000. This means earnings of a little over \$.06 per dollar of sales.

These results are a record for the shareholders and PEOPLE OF DANA — the best in our history and the fifth consecutive year of increases. This is a real credit to the hard work and professionalism of the PEOPLE OF DANA. The increased price of your stock compared to the Dow-Jones and Standard & Poor's Industrials on Page F-1 reflects these results.

Mr. Dana passed away last Thanksgiving Day in his 94th year. He was a wonderful person. He will be missed. Jack Martin, our former President and Chairman, and presently a Director and Chairman of the Executive Committee, knew him best. His comments about Mr. Dana appear on Page F-12 of this report. They really express our feelings about Mr. Dana.

In this seventh year of describing and discussing our major theme, we think it is timely to review BROADENING OUR BASE.

Traditionally, we have been involved with engineering, manufacturing and selling components and systems for motor vehicles — primarily light and heavy truck, service parts for trucks and cars, and some passenger car items.

Four years ago we started to concentrate on mechanical and electrical products for the huge industrial market. These were made up of our traditional products, as well as new items that we acquired and/or developed.

We plan to work very hard to increase our rate of growth in the industrial product market, both here and around the world. We plan to add basic product lines that are compatible with our knowledge and expertise of products for the control and transmission of power. We plan to use our best asset—our people—to continue to grow in our traditional motor vehicle markets and to expand aggressively into the industrial arena. We plan to accomplish these goals by continuing to manage your investment in Dana in such a way that the results will be acceptable to you—the shareholders of our company.

In this report we have made a real effort to explain complex accounting figures in a way that all of us can better understand what is going on in the financial area of our company. We hope these explanations will be of interest and benefit to you.

On the next three pages we have tried to show pictures of the PEOPLE OF DANA . . . it would have been almost impossible to take all 24,000 of us at one time in one picture, so we have shown as many group pictures of us as we can.

You will recall the series we started quite a few years ago; first our Directors, then the Chairman and the President, the following year the Administrative Committee, last year the senior management group, and now the PEOPLE OF DANA.

These PEOPLE OF DANA are the ones that have done such a superb job of working, managing and growing your assets — making them work for you by raising the value of your stock and increasing our earnings so that there is more money to pay dividends, reinvest in the future by buying more machines and plants, start new products, acquire new companies, employ more people and pay more taxes to our country.

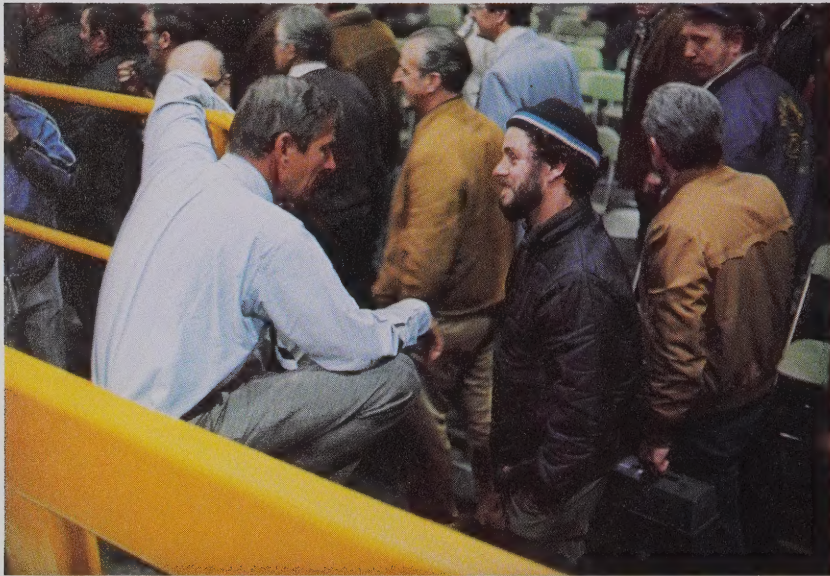
Sincerely yours,

Ren McPherson
Chairman of the Board

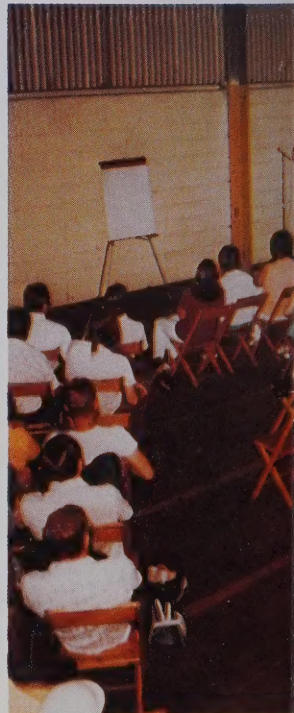
G. B. Mitchell
President

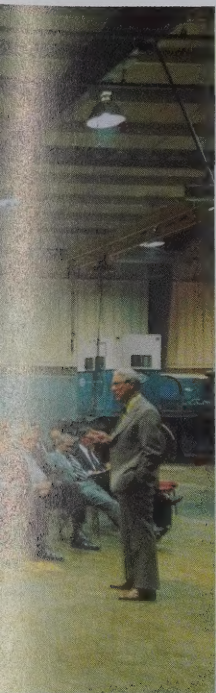
PEOPLE of Dana...





For the past several years, our
 given recognition to the Board of Directors,
 the President, the Administration,
 the Senior Management Group.
 This year, we are proud to share
 our asset . . . the PEOPLE of D
 with management to freely discuss
 respective plants, the security
 future goals and objectives.





se pages, we have
ctors, the Chairman and
e Committee and
Dana Corporation.
our most important
... as they meet
the progress of their
their jobs and the
of the company.



Broadening our Base



... through Divisional Market Expansion (Page 6)

Redirecting existing products, technologies and management skills toward growth in the diversified, "non-highway" markets.

... through International Expansion (Page 8)

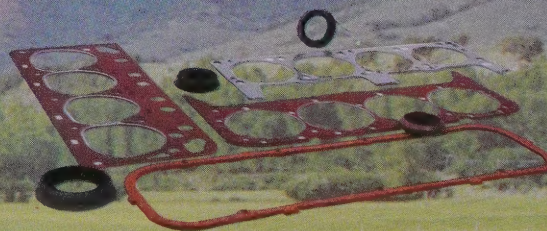
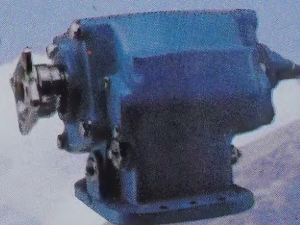
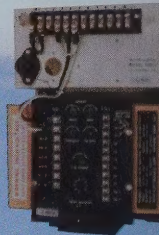
Serving the increasing requirements of worldwide motor vehicle and industrial manufacturers and, in addition, achieving acceptance of all our products by manufacturers in other countries.


... through Acquisition (Page 10)

Adding growth and stability with new products and technologies in selected segments of all of our markets.

... through People Involvement (Page 12)

Encouraging the full participation of our people in community affairs, in government and in achieving their personal goals through company-supported programs of education and training.





... Our programs of growth through diversification have taken us into carefully-selected, "non-highway" markets ... defined as "industrial" ... with both internally-developed and acquired product lines.

Our ground rules for growth are simple ... we want to use our managerial and engineering skills. We will broaden our base through product lines that are compatible with those capabilities. This strategy has brought our industrial market sales (original equipment and aftermarket) from relatively nothing in the 1950's to almost \$200,000,000 this year.

... With the international markets for our vehicle and industrial products twice as large as that of North America, our growth in the worldwide market place continues to be vital. We now have 170 facilities and 51 affiliates in 21 other countries. Thousands of our people depend upon our international markets for their jobs. Dana enjoys a favorable balance of trade and is assisting the United States in its export and trade balance goals.

... We continue to broaden our base around the world. For example, our recently-increased equity in Brown Brothers Corporation, Limited of England represents a major expansion in that growing segment of our replacement parts business. In the industrial market, our acquisition of Formsprag Company and Seco Electronics, among others, has created a solid foundation and developed new products and technologies for expansion in the industrial market place.

... We believe that involved people are our most important asset. We encourage them, in every way possible, to contribute their talents and abilities to the company, the community, the country. We believe that judgment, not procedure, is the key to operating the company. Stability for our people, their jobs and their families is essential to productivity and **PRODUCTIVITY IS THE KEY TO SUCCESS.**

Broadening our Base through...

Divisional Market Expansion

During the last fiscal year, we have recorded important progress in our long-range growth program. Our operating divisions and subsidiaries have taken substantial steps in broadening our base with new and expanding markets. At the same time, we continue our growth momentum in our major existing markets.

SUCCESSFUL STRATEGY

In 1975, we reported sales to the industrial markets of \$166-million. This year, our operating divisions reported sales of \$197-million to the original equipment and aftermarket segments . . . an increase of some \$31-million, or about 19%. Our divisions also forecast that by 1977 year end, our existing operations will increase the industrial market sales to a total of \$245-million, or 24%.

In broadening our base by expansion, our divisions divide the products into three general categories: Mechanical, Fluid and Electrical.

MECHANICAL

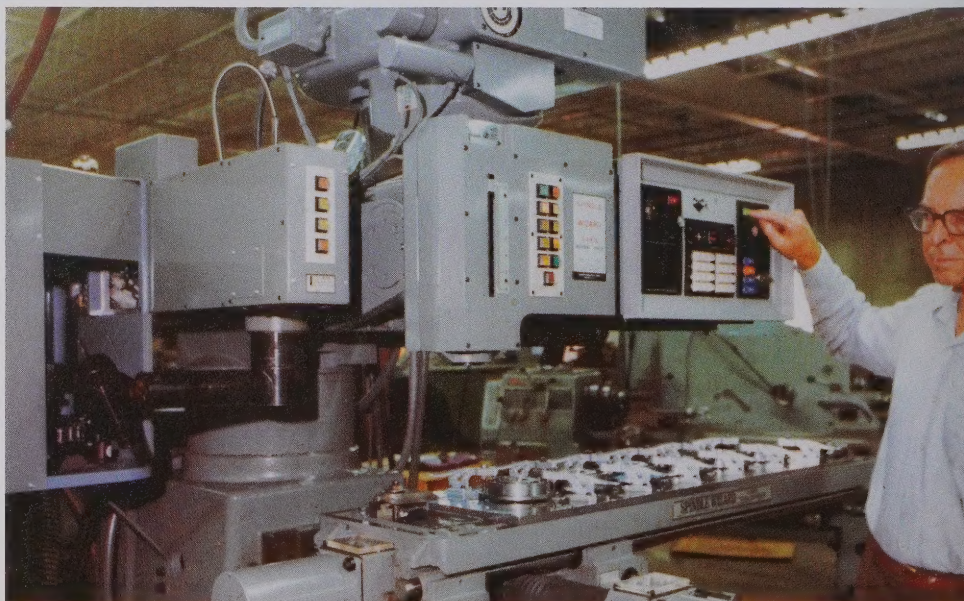
We gained an initial foothold in non-highway markets through our mechanical products for motor vehicles, including universal joints, clutches, axles and transmissions (shown in photo).

We now supply increasing numbers of camshafts and engine components to manufacturers of big diesel engines for stationary industrial applications and off-highway equipment, such as graders and earth movers and our gaskets and seals are used in industrial engines, hydraulic equipment and gearboxes.

We supply industrial clutches for energy-related markets where they are used in nuclear power generation and underground coal mining. These clutches, as well as our mechanical variable speed drives, and flexible couplings, are marketed for such diverse applications as



Increasingly, our products are at work in modern farm equipment such as this "articulated type" tractor. Spicer super-duty and ceramic clutches and SST 10-speed transmissions are used in these huge farm machines.



Myron "Mike" Goddard (3 years' service) of our Formsprag Simplatrol plant operates a milling machine automated with our Summit 3-axis Bandit™ numerical control and 24-station Quick Draw™ automatic tool changer.



mining conveyors, machine tools and food processing equipment. Our wide range of precision turbine blades is used in steam and gas turbines, and our propellers have broad application in the shipbuilding market.

FLUID

On fluid, we are moving ahead through acquisition, as well as through internal development.

We are now a major supplier of hydraulic clutches for the domestic machine tool market. These products are also used in road construction equipment and hydraulic disconnect units for log handling equipment (shown in photo).

ELECTRIC

Expansion into the electric component portion of the market will broaden our capabilities with mechanical and fluid products.

Today's industrial systems often require sophisticated electrical switches, monitors, numerical control systems, and special types of motors.

Shown on the opposite page is a memory numerical control system called "The Bandit", developed by Summit Engineering Corporation, our subsidiary in Bozeman, Montana. "The Bandit" is gaining increasing usage in milling machine applications. It illustrates the type of products we are developing for the electrical segment of the industrial market.

Formsprag hydraulic clutches are used in log handling equipment such as this Koehring Bantam® Telekruiser.



Broadening our Base through...

International Expansion



The Group Headquarters Building of Brown Brothers Corporation, Ltd., Harlow, Essex, England.



SO.M.A. Europe Transmission in St. Etienne.

Our increasing international activity involves serving the world-wide requirements of the major manufacturers of North America with whom Dana Corporation has been associated for many years. And increasingly, it involves the growing acceptance of our products by manufacturers in other countries.

We find that our major international activities are centered in Europe, South America and the Asia-Pacific areas. These are the major markets in which our divisions and affiliates are broadening their base of operation.

EUROPE

During the past year, we acquired a 64% position in Brown Brothers Corporation, Ltd., of England, a major distributor of service parts to the European aftermarket.

We are achieving increased acceptance of our proprietary products—primarily in the truck market—by the major motor vehicle manufacturers of Europe.

To illustrate the point, SO.M.A. Europe Transmissions, our affiliate in France in which we have 34% equity, now produces thousands of our axles annually for truck manufacturers in France, Sweden and Denmark. We are achieving equally important success with our clutches, transmissions, universal joints and drive shafts being accepted by other European manufacturers.

The importance of this, in terms of long-range opportunities, is further emphasized by the current trend in Europe toward larger, heavier trucks with bigger, more powerful engines . . . comparable in size and capacity to the over-the-road vehicles in this country.



Our affiliate in France, is headquartered



This modern universal joint manufacturing plant of our Mexican affiliate, Spicer S.A., is located in Queretaro, Mexico.

SOUTH AMERICA

The growth of the South American market continues at a good pace, particularly in such countries as Brazil, Mexico and Venezuela.

Working with our affiliate in Brazil, Albarus S.A., we are operating at a high level of production of constant velocity universal joints and shafts in Porto Alegre for Brazil's largest vehicle producer. We further expanded our product coverage in Brazil by acquiring a minority position in Corticas S.A., for the manufacture of gaskets. The continued expansion of the piston ring manufacturing facility of Ferropêças Villares, another affiliate in Sao Paulo, was also accomplished.

In Venezuela, we have been a major producer of axles and propeller shafts for cars and light

trucks for seven years through our affiliate, C. A. Danaven. We have expanded our facilities for increased volume and further integration and now produce complete motor vehicle drive lines. We are producing truck frames in the facilities of Sidaven, S.A., our affiliate in Venezuela . . . ground has been broken for a foundry in partnership with S. H. Fundiciones, another Venezuelan affiliate . . . we have started a clutch manufacturing program with Metalcon.

In Mexico, where Spicer S.A. (a 33% affiliate) has been firmly established for fifteen years, the company acquired a large tract of land in Queretaro and opened a new forging facility, a new gear cutting plant is underway and a new clutch program is in the planning stage.

ASIA-PACIFIC

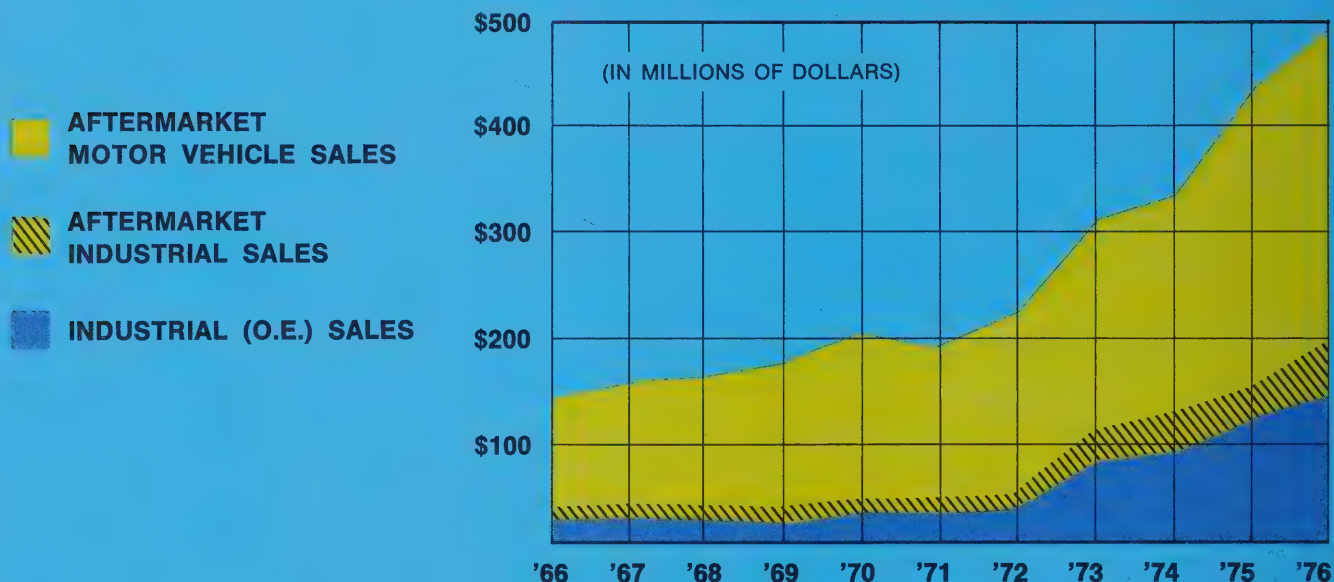
During the past year, we established operational offices in the Philippines to coordinate programs involving Spicer Philippines Mfg., Inc., Korea-Spicer Corporation and R.O.C. Spicer (Taiwan).

The success of Spicer Philippines Mfg., Inc., in producing and marketing our axles provides a solid base and lays the foundation for any future operations that may develop in Thailand, Malaysia and Indonesia.

Broadening our Base through...

Acquisition

AFTERMARKET SALES AND INDUSTRIAL SALES



We believe that implementation of a carefully planned acquisition policy will materially contribute to our continuing growth and stability.

OUR PHILOSOPHY

It is our belief that the acquisition of a company with a desirable product line is good for Dana. An acquisition brings with it a mature product, manufacturing ability, a developed market and experienced people.

At the same time, we continue to be a major producer of motor vehicle products. To this end we will still conduct extensive research and development on new and improved versions of our current products and will add motor vehicle parts and assemblies that complement our current lines and markets.

DRAMATIC GROWTH

Our newly acquired "non-motor-vehicle" companies have achieved dramatic growth in recent years. Some of our acquisitions have doubled and tripled in size within the past four or five years. While initially they represented a relatively small investment, today they form an impressive "package" in terms of combined sales volume. Under the heading of "industrial" they, coupled with non-motor-vehicle sales of our traditional products, contribute nearly \$200-million of our total sales today and we are forecasting that by 1980 they will represent 20% to 25% of a much greater total sales volume.



INTERNATIONAL INVESTMENT *

(MILLIONS OF DOLLARS)

\$100

\$75

\$78

\$50

\$25

\$7

\$10

1966 1970 1976

*Total Investment in International Operations at Cost, Excluding Hayes-Dana.

WORLDWIDE ACQUISITIONS AND INVESTMENTS — 1970-1976



MOTOR VEHICLE

AFTERMARKET

INDUSTRIAL

THREE AREAS

Our acquisition activities are directed to three general areas. First, we continue to broaden our present operating divisions by acquiring companies whose products complement our current product lines. Second, we are accelerating growth of our industrial products activities . . . through acquisition of power source, power control, power transmission companies that are a logical extension of our existing industrial group.

Third, we will consider the possibility of an acquisition that may be slightly further afield than our present industrial market activities but within the scope of our management abilities.

ACQUISITION GUIDELINES

Quite simply, our interest is limited to the acquisition of technologies, processes and markets that we can understand and manage. We do not intend to become a conglomerate.

The acquisition must ultimately bring us financial performance equal to or better than our own, and it must bring us good, professional management people.

We are interested in companies with proprietary products, strong market position, domestic and international, and service and aftermarket activities.

Broadening our Base through...

People Involvement



At our Perfect Circle Division, more than 1500 of the men and women enrolled in the Stock Purchase Plan. Among them (L. to R.) millwright George York (35 years); machine operator Jerry Davis (15 years); secretary Anna Louise Dennis (16 years); supervisor Jerry Thompson (13 years) and quality control technician Larry Fouche (8 years).

In increasing numbers, the men and women of Dana Corporation are becoming involved in their company's affairs through stock purchase programs, incentive programs and our Management Resource Program.

STOCK PURCHASE PROGRAM

In January 1976, the company announced an improved Stock Purchase Plan . . . a major step to help everyone at Dana to become shareholders in their company. The immediate enrollment of 64% of men and women eligible to participate was termed by Chairman Ren McPherson as "one of the greatest things that has happened since I've been with Dana." Today, some 12,000 of our people are regularly purchasing shares of Dana stock under the provisions of this Plan.



Personnel manager Sue Bosselman (12 years) and assistant personnel manager Marilyn Baughman (12 years) discuss activities at the Victor Products Division plant, Churubusco, Indiana.

INCENTIVE PROGRAMS

Most of our people are involved in incentive plans and these programs continue to increase. During the past year, the management and hourly people at our seal plant in Churubusco, Indiana, gasket plant in Havana, Illinois, axle plant in Montgomery, Alabama and camshaft plant in Richmond, Indiana voted to adopt the Scanlon incentive concept at their facility. The addition of these four plants brings to fourteen, the number of locations throughout the corporation that are operating under that particular type of program.



Employee suggestions and questions are discussed at monthly meetings of the Scanlon Plan Screening Committee at the Parish Division Berwick (Pa.) plant.

Interestingly, since our first facility adopted the Scanlon Plan in 1969, the people in every plant where it has been started have voted overwhelmingly to continue it following the initial one-year trial period.

In every place where this concept is in effect, that facility has experienced productivity increases and the men and women involved have received additional compensation. Certainly of equal importance to all is the improvement in communications, in operating efficiency and in an awareness of the economics of running a plant that are an inherent part of this program.

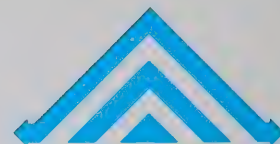
MANAGEMENT RESOURCE PROGRAM

Our "Management Resource Program" operates well. All of our people are promoted from within. Under this promote-from-within concept of developing our own management people, four hundred and fifty-nine (459), or 100% of these management job opportunities, were filled from within the company during the past year.

This included people from hourly factory and office jobs as well as those promoted from one management job to another.

We also encourage our people's participation in community activities, in government and in educational and training opportunities made available to them.

Dana in Perspective



The following summaries . . .

“What We Do.” “What Are the Results.” “What Our People Use to Run the Business.”

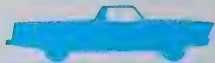




. . . are meant to try to simply present the company.

Our intent is to help you understand Dana thru its figures.

WHAT WE DO . . .

SALES OF PRODUCTS AND SERVICES

Dana's customers selected to buy the following products from the Company during the past “Fiscal” or accounting year.

NEW LIGHT TRUCK COMPONENTS	\$ 640 MILLION	
SERVICE PARTS COMPONENTS (Motor Vehicle)	\$ 290 MILLION	
INDUSTRIAL AND OFF-HIGHWAY COMPONENTS	\$ 197 MILLION	
NEW HEAVY TRUCK COMPONENTS	\$ 184 MILLION	
NEW PASSENGER CAR COMPONENTS	\$ 133 MILLION	

\$1,444 MILLION — SALES

COSTS OF DESIGNING, MANUFACTURING AND DISTRIBUTING THESE PRODUCTS:

Purchase Raw Materials, Energy and Supplies	\$ 756 MILLION
Pay Wages, Health Insurance, Pension Benefits to 24,400 Employees	\$ 427 MILLION
Wear Out (depreciation) of Plants and Equipment That Dana Owns	\$ 43 MILLION
Maintain and Repair Plants and Equipment That Dana Owns	\$ 30 MILLION
Rental of Money (interest) Plus Other Rentals for Buildings and Equipment	\$ 23 MILLION
These Total Purchases and Operating Expenses Amounted to	\$1,279 MILLION
This Left, Before Taxes, an Amount of	\$ 165 MILLION
From This The Federal, State and Local Governments Took About Half for Their Various Tax Programs	\$ 76 MILLION

This left about \$90 million for the owners or shareholders of Dana who have over the years invested \$500 million in the Company

\$ 89 MILLION — PROFIT ON SALES 6%

Dana in Perspective

WHAT ARE THE RESULTS? . . .

From this \$89 million profit on sales for 1976, the Board of Directors elected to:

Distribute cash dividends to the stockholders

Reinvest in the buildup of Dana assets and capacities

ON A CASH-IN AND CASH-OUT BASIS, THIS REINVESTMENT HELPED US KEEP A GOOD LIQUIDITY OR CASH POSITION

At September 1, 1975, we began the fiscal or accounting year with a Balance in Cash and Marketable Securities of

CHANGES IN ASSETS

Then during the year, we added \$57 million of plant, machinery and equipment which was more than the \$43 million depreciation we set aside for the wearing out of these assets. This meant a net cash outflow of

Our investments in the ownership of various affiliate operations increased by

Inventories were increased to service the higher sales volumes

Higher sales required more receivables — billings to customers

TOTAL INCREASES IN ASSETS

We paid for these by reinvesting earnings as mentioned above

By increasing liabilities

TOTAL INCREASES IN INVESTMENTS AND LIABILITIES

This Decreased Cash By

Leaving A Balance At August 31, 1976, of

\$ 22 MILLION

\$ 67 MILLION

\$ 85 MILLION

\$ 14 MILLION

\$ 10 MILLION

\$ 90 MILLION

\$ 37 MILLION

\$151 MILLION

\$ 67 MILLION

\$ 78 MILLION

\$145 MILLION

\$ 6 MILLION

\$ 79 MILLION

*25%
of Profit
Paid in Cash*

*75%
Kept For
Future Growth*

*Growth
Requirements*

*Supported by
shareholder
reinvestment*

*Keeping A Strong
Cash Position*

Dana in Perspective

WHAT OUR PEOPLE USE TO RUN THE BUSINESS . . .

ASSETS

Land, Buildings, Machinery and Equipment

\$297 MILLION

A Lot of manufacturing and distribution capacity

Investments in Other Companies Associated With Us and Other Assets

\$103 MILLION

Growing base of partners around the world

Raw Materials, Things We're Working On and Finished Products Waiting to be Sold

\$325 MILLION

Dollars in Process to Sell

Bills that Customers Owe to Dana

\$163 MILLION

Sold

Investments (Marketable Securities) that can be Turned into Cash Quickly

\$ 62 MILLION

Maintaining Lots of Money

Cash Balances in Over 40 Banks Scattered Throughout Our Operating Locations

\$ 17 MILLION

TOTAL ASSETS

\$967 MILLION

These Assets are Owned by:

DANA INVESTORS

Shareholders — over 32,000 in all 50 states and 16 other countries

\$504 MILLION 52%

Bondholders — 770 bondholders holding different issues of Dana bonds

\$201 MILLION 21%

Other People or Organizations such as Suppliers, Governments or Banks

\$705 MILLION 73%

\$262 MILLION 27%

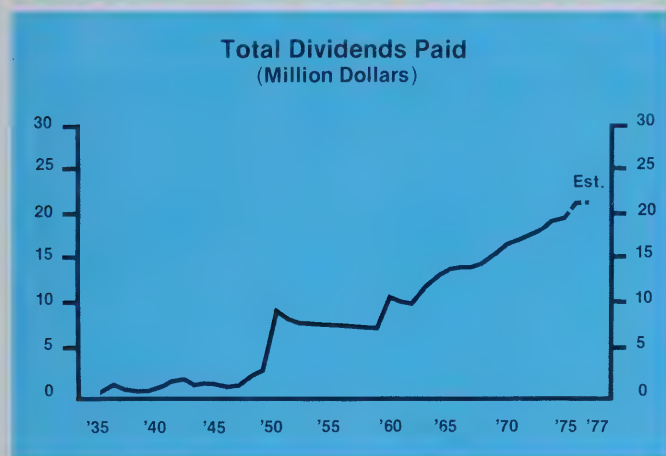
\$967 MILLION 100%

The Shareholders' Ownership Is Growing!

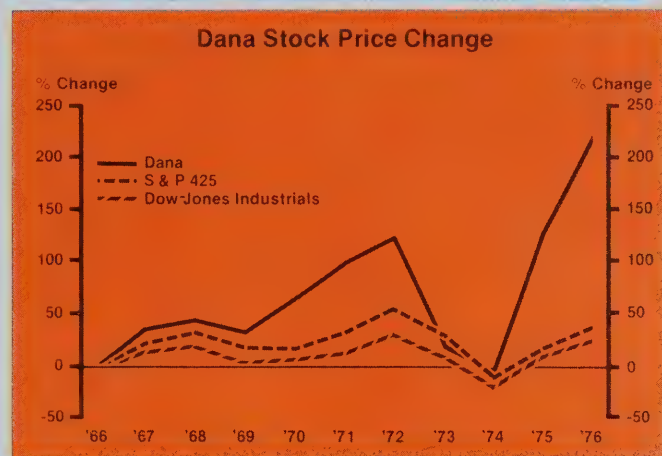
1976 Financial Summary



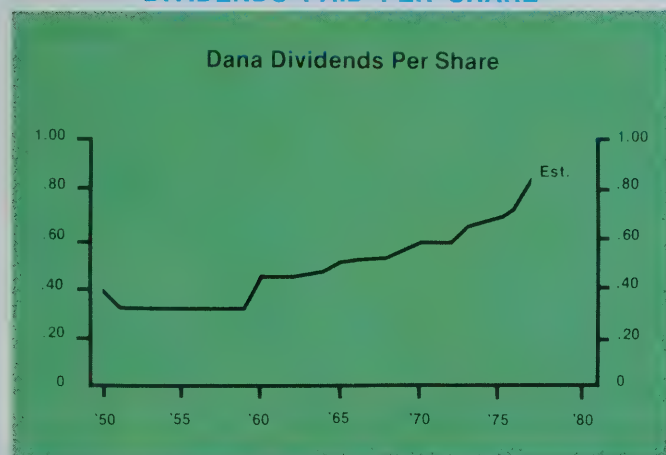
DIVIDENDS — PAID EVERY YEAR SINCE 1936



DANA'S STOCK PRICE COMPARED TO MARKET INDEXES



DIVIDENDS PAID PER SHARE



FOLLOW DANA IN 1977 — BY TOLL-FREE TELEPHONE

For current information about Dana and for year-to-date financial trends, DIAL 800 537-8823 anywhere in the U.S. If you are calling in Ohio, DIAL 800 472-8810. You can ask questions which we will answer by letter — just remember to leave your name and address.

Year-to-date financial results are normally recorded about one week after the end of the month.

FINANCIAL INFORMATION—1977

FOLLOW YOUR INVESTMENT DURING THE YEAR

FISCAL YEAR-TO-DATE	SALES	PROFITS	E.P.S.	DANA STOCK PRICE
*September 1976 — 1 Month				
October 1976 — 2 Months				
November 1976 — 3 Months				
*December 1976 — 4 Months				
January 1977 — 5 Months				
February 1977 — 6 Months				
*March 1977 — 7 Months				
April 1977 — 8 Months				
May 1977 — 9 Months				
*June 1977 — 10 Months				
July 1977 — 11 Months				
August 1977 — 12 Months				

*Months Dividends are Usually Paid.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

TEN YEAR HISTORY

For the Fiscal Years	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
Net Income per Share of Common Stock*	\$3.05	\$2.13	\$2.10	\$1.97	\$1.54	\$.97	\$1.25	\$1.21	\$1.04	\$1.15
Cash Dividends Declared per Share of Common Stock*77	.68	.67	.64	.61	.60	.60	.56	.53	.53
Stockholders' Equity per Share of Common Stock*	17.23	14.80	13.40	12.20	10.35	10.07	9.60	8.96	8.33	7.79

SUMMARY OF OPERATIONS (millions of dollars)

NET INCOME	\$ 89	\$ 62	\$ 61	\$ 56	\$ 45	\$ 28	\$ 36	\$ 35	\$ 30	\$ 33
Income Taxes	76	54	54	50	43	26	38	37	30	30
Income before Income Taxes	165	116	115	106	88	54	74	72	60	63
NET SALES	1,444	1,136	1,078	989	822	636	672	663	580	552
Cost of Sales	1,183	944	897	830	684	541	559	550	483	454
Net Income for the Year Retained for Growth	67	42	42	38	27	11	19	19	15	19
Interest Expense	17	17	12	9	8	6	4	4	4	4

YEAR-END FINANCIAL POSITION (millions of dollars)

Liquid Assets†	\$ 242	\$ 211	\$ 145	\$115	\$135	\$113	\$ 85	\$101	\$ 90	\$113
Working Capital	362	303	197	193	189	196	160	167	149	157
Ratio of Current Assets to Current Liabilities	2.7-1	3.1-1	2.0-1	2.3-1	2.5-1	3.2-1	2.7-1	2.9-1	2.9-1	2.9-1
Total Stockholders' Equity	504	431	389	346	302	291	278	260	242	226
Long-Term Debt	201	198	129	111	107	89	48	54	51	69
Property, Plant and Equipment at Cost	544	503	480	418	372	343	317	284	270	251
Property, Plant and Equipment, Less Accumulated Depreciation and Amortization	297	282	276	235	203	183	168	148	144	136
Total Assets	967	822	753	635	561	493	438	419	386	387

Average Number of Shares Outstanding (in thousands)*	29,270	29,167	29,056	28,376	29,140	28,862	28,878	28,902	28,866	28,814
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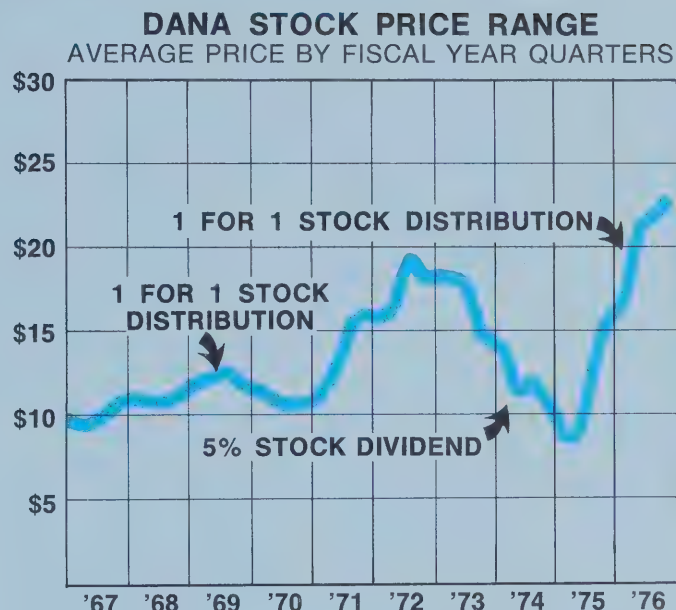
*Restated to reflect 5% stock dividend declared in October 1973 and one for one stock distribution declared in December 1975

†Cash, Marketable Securities and Accounts Receivable

FINANCIAL REVIEW

SHAREHOLDERS' INVESTMENT

Dana's common stock is listed on the New York and Pacific Stock Exchanges. The following table sets forth the range of sales prices of the stock on the New York Stock Exchange and the cash dividends declared for each quarter during 1976 and 1975 adjusted for the one for one stock distribution issued February 13, 1976. At August 31, 1976, the closing price of Dana stock was \$26.13 and the price earnings multiple on that date was 8.6.



Quarter Ended	Price Range						Cash Dividends	
	1976		1975				1976	1975
	Hi	Lo	Hi	Lo				
November 30	\$ 19.13	\$ 14.63	\$ 9.44	\$ 7.50			\$.18	\$.17
February 28	24.50	17.63	10.50	7.00			.19	.17
May 31	24.75	19.75	14.00	10.25			.19	.17
August 31	27.50	21.00	17.12	12.94			.21	.17

MANAGEMENT COMMENTS ON OPERATIONS

1976 vs. 1975

Sales and profits for 1976 were up 27% and 43% respectively, over those of 1975. Approximately 10% of the sales increase resulted from the consolidation of Brown Brothers in 1976. As shown in the charts of sales by major product groups on page F-11, our shipments were up in all groups. The increase in profit was a result of the higher sales and continuing control of expenses.

1975 vs. 1974

Our 1975 sales and profits were slightly ahead of 1974 in spite of a 10% decline in production. Our shipments or units of sales in car service business and diversified products were better than 1974, our passenger car components were level all year, and our light and heavy components were strong the first half and then fell off the last half of the year.

Interest expense increased due to the issuance of \$75,000,000 of 9% debentures.

QUARTERLY SALES AND EARNINGS

All Figures Rounded

Quarter Ended	Sales (in thousands)		Net Income (in thousands)		Net Income Per Share	
	1976	1975	1976	1975	1976	1975
November 30	\$ 321,000	\$ 319,000	\$ 19,000	\$ 17,800	\$.65	\$.61
February 28	317,000	269,000	18,400	12,900	.63	.44
May 31	399,000	278,000	27,000	17,600	.92	.60
August 31	407,000	270,000	24,800	13,900	.85	.48
	<u>\$1,440,000</u>	<u>\$1,140,000</u>	<u>\$ 89,200</u>	<u>\$ 62,200</u>	<u>\$ 3.05</u>	<u>\$ 2.13</u>

STATEMENT OF INCOME

	Year ended August 31	
	1976	1975
	(in thousands)	
Net sales	\$1,444,387	\$1,136,450
Dividends, interest and other income	14,178	11,847
Foreign currency translation adjustments	(4,743)	(4,190)
	1,453,822	1,144,107
Costs and expenses		
Cost of sales	1,183,133	944,310
Selling, general and administrative expenses	86,282	66,115
Interest expense	16,977	16,560
Minority interest in net income of consolidated subsidiaries	2,304	1,048
	1,288,696	1,028,033
Income before income taxes	165,126	116,074
Estimated taxes on income		
Current, net of investment tax credits of \$3,100,000 in 1976 and \$2,300,000 in 1975	78,807	48,928
Deferred	(2,857)	4,972
	75,950	53,900
Net income	\$ 89,176	\$ 62,174
Net income per common share	\$3.05	\$2.13

COMMENTS ON FINANCIAL STATEMENTS

NET INCOME PER COMMON SHARE

Earnings per common share are computed on the basis of the weighted average number of common shares outstanding of 29,270,000 in 1976 and 29,167,000 in 1975. The weighted average number of shares outstanding has been adjusted for the one for one stock distribution declared December 8, 1975 and issued February 13, 1976. Shares reserved for issuance under the stock option and deferred compensation plans would not materially dilute earnings per share.

INVESTMENT TAX CREDITS

Dana uses the "flow-through" method of accounting for investment tax credits as a reduction of the current provision for federal income taxes.

CONSOLIDATED FOREIGN OPERATIONS

The consolidated financial statements for 1976 include the accounts of Hayes-Dana for the year ended August 31, 1976 and Brown Brothers Corporation Limited for four months ended June 30, 1976. These subsidiaries accounted for 12% of consoli-

dated assets, 11% of consolidated net sales and 5% of consolidated net income for 1976.

In 1975 the only foreign subsidiary included in the consolidated financial statements was Hayes-Dana and its accounts represented 7%, 7% and 3% of consolidated assets, net sales and net income, respectively, in that year.

PRINCIPLES OF CONSOLIDATION

Dana's consolidated financial statements include the accounts of all domestic subsidiaries of the Company; Hayes-Dana Limited, a majority-owned Canadian subsidiary and Brown Brothers Corporation Limited, a majority-owned English subsidiary in which a majority ownership was acquired in 1976. Other foreign subsidiaries, and affiliated companies (20% to 50% Dana ownership) in which Dana exercises operating control or participates in management, are recorded in the consolidated statements at the cost of the investment plus equity in undistributed earnings since acquisition. Less than 50% owned companies which are not accounted for on the equity basis are included in the consolidated accounts at the cost of Dana's investment. Dividends, royalties and fees from these affiliates are recorded in Dana's consolidated statements when received.

BALANCE SHEET

	August 31	
	1976	1975
	(in thousands)	
ASSETS		
Current Assets		
Cash	\$ 17,142	\$ 14,241
Marketable securities, at cost plus accrued interest	61,914	70,572
Accounts receivable, less allowance for doubtful accounts of \$2,257,000 (1975 — \$1,037,000)	163,036	125,845
Inventories	324,751	234,536
Prepayments	4,681	5,527
Total current assets	571,524	450,721
Investments and Other Assets	98,696	89,248
Property, Plant and Equipment	296,822	282,215
Total Assets	\$967,042	\$822,184

	August 31	
	1976	1975
	(in thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	\$ 9,604	\$ 10,790
Accounts payable	91,222	50,596
Accrued payroll and employee benefits	41,216	37,983
Other accrued liabilities	17,731	17,881
Dividends payable	6,302	5,075
Taxes other than taxes on income	8,868	8,429
Taxes on income	34,099	16,877
Total current liabilities	209,042	147,631
Deferred Income Taxes	26,528	28,687
Deferred Compensation	7,442	6,332
Long-Term Debt	200,839	197,947
Minority Interest in Consolidated Subsidiaries	18,859	10,233
Stockholders' Equity	504,332	431,354
Total Liabilities and Stockholders' Equity	\$967,042	\$822,184

COMMENTS ON FINANCIAL STATEMENTS

FOREIGN CURRENCY TRANSLATIONS

The accounts of foreign subsidiaries and affiliated companies are translated to U.S. dollars based on the official or free rate of exchange applicable in the circumstances. In 1976 Dana adopted the provisions of Statement of Financial Accounting Standards No. 8 "Accounting for the Translation of Foreign Currency Transactions and Foreign Currency Financial Statements". Under this pronouncement, foreign assets and liabilities are translated to U.S. dollars at year-end exchange rates, except that inventories and property, plant and equipment are translated at approximate rates of exchange when acquired. Income and expense items are translated at average rates of exchange prevailing during the year, except for inventories charged to cost of sales and depreciation which are translated at historical rates. Exchange adjustments are included in earnings currently. Prior to 1976 non-current accounts of foreign financial statements were generally translated at historical rates and current accounts were translated at year-end rates.

The effect of this change was to decrease net income in 1976 by \$1,039,000 and net income per share \$.04. The change in translation policy would not have materially affected the consolidated statements prior to 1976 and, accordingly, they have not been restated.

BUSINESS COMBINATIONS

In March 1976, Dana purchased 16,534,792 shares

of the outstanding stock of Brown Brothers Corporation Limited, an affiliated company located in England, for \$7,300,000. This additional purchase of stock brought Dana's ownership of equity securities to 64%. The total investment of \$18,800,000 in Brown Brothers includes \$7,400,000 of goodwill which is being amortized over 40 years. The results of operations of Brown Brothers for the period March 1, 1976 through June 30, 1976 (which were not material) and the assets and liabilities at June 30, 1976 are included in the consolidated financial statements. Assets and net sales included in the consolidated financial statements approximate \$47,591,000 and \$37,108,000, respectively. Results of operations prior to the March 1976 acquisition were not material to the consolidated statements.

INVENTORIES

Inventories are valued at the lower of cost or market, with cost being determined on the first-in, first-out or average cost basis and consisted of:

	August 31	
	1976	1975
	(in thousands)	
Raw materials	\$ 64,110	\$ 45,224
Work in process and finished goods	260,641	189,312
	<u>\$324,751</u>	<u>\$234,536</u>

COMMENTS ON FINANCIAL STATEMENTS

INVESTMENTS AND OTHER ASSETS

	August 31	
	1976	1975
	(in thousands)	
Investments, at cost	\$ 37,611	\$ 28,305
Investments, at equity	37,491	40,747
Goodwill and other	23,594	20,196
	<u>\$ 98,696</u>	<u>\$ 89,248</u>

GOODWILL

Cost in excess of net assets of companies acquired subsequent to fiscal 1970 is amortized over the estimated period of existence, ranging from ten to forty years. Excess costs attributed to companies purchased prior to fiscal 1971 of \$2,519,000 are not being amortized since there is no present indication that such excess has a determinable life or existence.

PROPERTIES AND DEPRECIATION

Depreciation is computed over the estimated useful lives of property, plant and equipment using primarily the straight-line method for financial reporting purposes and accelerated depreciation methods for federal income tax purposes. Amounts equal to the related reduction in federal income taxes are provided in deferred income taxes.

The carrying value of properties retired or otherwise disposed of, and the accumulated depreciation thereon, are eliminated from the accounts. Profits and losses on retirement of properties are, for the most part, credited or charged to accumulated depreciation. Expenditures for maintenance and repairs are charged to income and renewals and betterments are capitalized.

Property, plant and equipment, which is carried at cost, consisted of:

	August 31	
	1976	1975
	(in thousands)	
Land and land improvements	\$ 17,857	\$ 13,143
Buildings and building fixtures	116,557	108,678
Machinery and equipment	409,896	381,263
	<u>544,310</u>	<u>503,084</u>
Less — Accumulated depreciation and amortization	247,488	220,869
	<u>\$296,822</u>	<u>\$282,215</u>

LONG-TERM DEBT

	August 31	
	1976	1975
	(in thousands)	
Corporate indebtedness —		
9% debentures, due February 15, 2000	\$ 74,321	\$ 74,266
7.30% debentures, due February 1, 1996	47,490	50,000
6% debentures, due December 1, 1991	25,506	27,246
8% debentures, due March 1, 1987	19,638	19,930
6¾% Swiss Franc Notes, due November 22, 1978	24,184	18,858
Various industrial revenue bonds	2,711	2,793
Other	2,723	3,161
Indebtedness of consolidated subsidiaries	6,707	4,970
	<u>203,280</u>	<u>201,224</u>
Current portion included in notes payable	2,441	3,277
Long-term portion	<u>\$200,839</u>	<u>\$197,947</u>

The indentures relating to the various Dana debentures provide for annual sinking fund payments. In addition, Dana has the option to make additional payments each year in amounts not exceeding the annual sinking fund payments. The debentures may be redeemed, in whole or in part, after certain dates at specified redemption prices. The indentures relating to the 7.30% and 6% debentures require that retained earnings be at specified levels in order to pay dividends to shareholders. At August 31, 1976 retained earnings were substantially in excess of the amount required by the indentures.

The aggregate amount of maturities of all long-term debt for each of the five years succeeding August 31, 1976 are as follows: 1977, \$2,441,000; 1978, \$4,441,000; 1979, \$30,345,000; 1980, \$6,062,000; 1981, \$5,944,000.

LINES OF CREDIT

Dana has open lines of credit with various banks which aggregate \$75,000,000. Under certain of the open lines Dana is to maintain on deposit with the banks compensating balances, computed on an annual average, of 10% of the lines of credit plus up to 10% of the outstanding loan balances. The compensating balance requirements have been fulfilled without any restrictions on the cash balances of Dana.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended August 31	
	1976	1975
	(in thousands)	
Financial Resources were Provided by		
Net income	\$ 89,176	\$ 62,174
Provision for depreciation	42,666	32,540
Deferred income taxes	(2,857)	4,972
Increase in minority interest in consolidated subsidiaries	2,077	563
Working capital provided by operations	131,062	100,249
Disposals of property, plant and equipment	2,297	10,588
Proceeds from exercise of employees' stock options and issuance of common stock held in treasury under deferred compensation plans	3,281	543
Increase in deferred compensation	1,110	509
Issuance of 9% debentures		74,266
Issuance of stock to pension plans	2,563	
Issuance of stock to employees in stock purchase plan	543	
Long-term debt assumed in Brown Brothers acquisition	5,681	
Minority interest in Brown Brothers at acquisition	6,549	
Deferred income taxes of Brown Brothers at acquisition	698	
	<u>153,784</u>	<u>186,155</u>
Financial Resources were Used for		
Additions to property, plant and equipment, including \$11,167,000 in 1976 relating to the Brown Brothers acquisition	59,570	48,974
Cash dividends	22,559	19,837
Purchase of treasury stock	26	876
Additions to investments and other assets	5,384	4,459
Decrease in long-term debt	2,789	5,719
Investments of Brown Brothers at acquisition	4,064	
	<u>94,392</u>	<u>79,865</u>
Increase in working capital, including \$9,051,000 in 1976 of working capital of Brown Brothers at acquisition	<u>\$ 59,392</u>	<u>\$106,290</u>
Analysis of Changes in Working Capital		
Cash	\$ 2,901	\$ 10,773
Marketable securities	(8,658)	70,324
Accounts receivable	37,191	(15,732)
Inventories	90,215	(6,854)
Prepayments	(846)	206
Notes payable	1,186	35,565
Accounts payable	(40,626)	15,848
Accrued payroll and employee benefits	(3,233)	1,253
Dividends and other accruals	(1,516)	79
Taxes on income	(17,222)	(5,172)
Increase in working capital	<u>\$ 59,392</u>	<u>\$106,290</u>

DETAILS OF STOCKHOLDERS' EQUITY

STOCKHOLDERS' EQUITY

	August 31	
	1976	1975
	(in thousands)	
Common stock of \$1 par value —		
Authorized — 40,000,000 shares		
Issued — 30,831,676 shares		
in 1976; 15,261,439		
shares in 1975	\$ 30,832	\$ 15,261
Additional paid-in capital	82,967	77,232
Retained earnings	410,715	359,381
	<u>524,514</u>	<u>451,874</u>
Less — Cost of shares held in		
treasury — 1,329,736 shares		
in 1976; 682,367 shares in		
1975	20,182	20,520
	<u>\$504,332</u>	<u>\$431,354</u>

COMMON STOCK \$1 PAR VALUE

	Issued	Treasury
	(in thousands)	
Balance at August 31, 1974	\$ 15,239	\$ 19,681
Issuance of common stock —		
Employees' stock option		
plans	22	
Deferred compensation		(37)
plans		
Cost of 30,500 shares		876
reacquired		
Balance at August 31, 1975	<u>15,261</u>	<u>20,520</u>
Issuance of common stock —		
Employees' stock option		
plans	188	
Deferred compensation		(134)
plans		
Employees' stock		(230)
purchase plan		
Employees' pension		
plans	100	
Cost of 800 shares		26
reacquired		
One for one stock		
distribution	15,283	
Balance at August 31, 1976	<u>\$ 30,832</u>	<u>\$ 20,182</u>

ADDITIONAL PAID-IN CAPITAL

	Year ended August 31	
	1976	1975
	(in thousands)	
Balance at beginning of year	\$ 77,232	\$ 76,748
Issuance of common stock —		
Employees' stock option		
plans	2,573	468
Deferred compensation		
plans	71	16
Employees' stock purchase		
plan	313	
Employees' pension plans	2,463	
Tax benefits arising from		
exercise of non-qualified		
stock options and		
disqualifying dispositions	315	
Balance at end of year	<u>\$ 82,967</u>	<u>\$ 77,232</u>

RETAINED EARNINGS

	Year ended August 31	
	1976	1975
	(in thousands)	
Balance at beginning of year	\$359,381	\$317,044
Net income for the year	89,176	62,174
Cash dividends declared		
(\$.77 per share in 1976,		
\$.68 in 1975)	(22,559)	(19,837)
One for one stock		
distribution	(15,283)	
Balance at end of year	<u>\$410,715</u>	<u>\$359,381</u>

COMMON STOCK DISTRIBUTION

On December 8, 1975 the Board of Directors declared a one for one stock distribution whereby each common stockholder of record on January 9, 1976 received one additional share of common stock for each share held on that date. All applicable share and per share information has been restated to reflect the one for one stock distribution.

A copy of the Annual Report as filed with the Securities and Exchange Commission on Form 10-K will be mailed at no charge upon request to the Secretary, Dana Corporation, P.O. Box 1000, Toledo, Ohio 43697.

COMMENTS ON COMMON STOCK AND EQUITY

STOCK PURCHASE PLAN

All full-time domestic employees other than recipients of corporate awards under the additional compensation plan are eligible to join Dana's employee stock purchase plan. The plan provides that employees may authorize Dana to withhold up to 10% of earnings of \$25,000 or less, and deposit such amounts with the plan's independent trustee. The trustee purchases, as nominee for the participants, common stock of Dana at prevailing market prices and distributes shares purchased to the participants.

In 1976, the plan was amended to provide a basis for contributions by Dana, on behalf of each participating employee, of specified percentages (20% to 50%) of participants' contributions when consolidated return on sales, as defined in the plan, is 5.5% or more. Dana's contributions are included in the participants' gross wages and appropriate taxes withheld. Dana awarded each participant in the amended plan during February, 1976, two shares of common stock held in treasury. Dana contributions under the amended plan and the value of two shares of common stock awarded to each participant aggregated \$1,371,000 and was charged to income during the year.

CAPITAL STOCK AND STOCK OPTION PLANS

Dana has in effect several stock option plans through which options have been granted to officers and other key employees for the purchase of common stock. Options may be granted at prices equal to the fair market value at the date of grant and are exercisable during periods of five to ten years from that date. During the year ended August 31, 1976, the shareholders amended the Fifth Employee Stock Option Plan. The amended plan provides that, at the discretion of the compensation committee of the Board of Directors, an optionee may surrender one non-qualified option for each option exercised and receive in cash the difference between the exercise price and the fair market value of the stock at date of exercise. Dana charged \$1,381,000 to compensation expense in 1976 which represents \$146,000 paid for 9,873 shares surrendered during the year and \$1,235,000 for the estimated amount which will be paid in future years to employees who elect to surrender options outstanding at August 31, 1976.

During the year ended August 31, 1976, options were granted to purchase 14,100 shares at prices

ranging from \$15.00 to \$22.50. In the year ended August 31, 1975, options were granted to purchase 395,000 shares at prices ranging from \$7.00 to \$8.00. Options to purchase 208,798 shares and 44,434 shares were exercised during 1976 and 1975, respectively, at prices ranging from \$8.00 to \$18.69 and options for 13,171 and 93,882 shares were cancelled. At August 31, 1976, there were outstanding options for the purchase of 980,912 shares at option prices (equivalent to the price on the open market at date of grant) ranging from \$7.00 to \$22.50 per share, the average price being \$11.97 per share. At that date options for 445,422 shares were exercisable and there were 357,625 shares available for future grants. Option prices have been restated to reflect the one for one stock distribution.

REPORT OF INDEPENDENT ACCOUNTANTS



To the Board of Directors and Stockholders of
Dana Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and of changes in financial position, including pages F-4 to F-10 of the financial review, present fairly the financial position of Dana Corporation and its subsidiaries at August 31, 1976 and 1975, the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

National Bank Building
Toledo, Ohio 43604
October 8, 1976

COMMENTS ON PEOPLE PROGRAMS

PENSION PLANS

Dana provides retirement benefits for employees under several pension plans. Annual costs under the Company's pension plans are determined on an actuarial basis. Dana's policy is to fund pension costs accrued, including amortization of prior service costs generally over 30 years, through group annuity contracts and deposits with trustees. Pension expense approximated \$33,400,000, including \$2,563,000 representing the market value of 100,000 shares of Dana's common stock contributed to the trustee, and \$27,500,000 in the years ended August 31, 1976 and 1975, respectively. The actuarially computed value of vested benefits for certain plans exceeded, as of the most recent valuation dates, the total market value of the assets in the related pension funds and balance sheet accruals by approximately \$103,600,000. The Pension Reform Act of 1974 will not have a material effect on pension expense since Dana's plans are substantially in conformity with the requirements of the Act.

ADDITIONAL COMPENSATION PLANS

Dana has various additional compensation plans covering many of its employees. Most of these employees participate in individual incentive plans, group incentive plans and Scanlon Plans. Pay-outs under these plans are computed under various formulas recognizing increased productivity and improved performance.

In addition, certain officers and other key employees participate in an additional compensation plan. Under the plan, if consolidated net income for the fiscal year exceeds 6% of consolidated stockholders' equity then, at the discretion of the Board of Directors, an amount equal to 6% of such excess may be accrued for additional compensation. These plans generally provide that, at the option of the compensation committee comprised of outside directors of the Board, awards made to participants may be paid out in cash or deferred and later paid in cash or in shares of the Company's common stock. Deferred awards, expressed in "units" of the Company's common stock, are credited with amounts equivalent to dividends on common stock. In 1976 Dana awarded \$1,906,000 in such compensation and in 1975 awards aggregated \$1,563,000; 12,878 and 4,704 shares of Dana's common stock held in treasury were issued and amounts equivalent to dividends of \$184,000 and \$160,000 were credited to deferred awards in 1976 and 1975, respectively. At August 31, 1976, 256,754 common shares held in treasury were reserved for issuance under these plans.

PRINCIPAL OFFICE 4500 Dorr Street, P.O. Box 1000, Toledo, Ohio 43697

REGISTERED OFFICE 707 East Main Street, Richmond, Virginia 23212

TRANSFER AGENTS Manufacturers Hanover Trust Company, 4 New York Plaza, New York, New York 10015
The Ohio Citizens Trust Company, Toledo, Ohio 43603

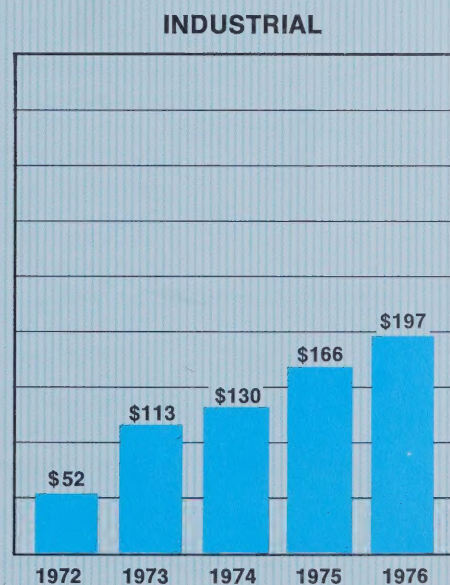
REGISTRARS The Chase Manhattan Bank, 1 New York Plaza, New York, New York 10015
First National Bank of Toledo, Toledo, Ohio 43603

STOCK SYMBOL DCN

Dana Common Stock is listed on the New York Stock Exchange and the Pacific Stock Exchange. The 6%, 7.30% and 9% Debentures are listed on the New York Stock Exchange. 8% Eurodollar Bonds are traded on the Luxemburg Stock Exchange.

DANA CORPORATION AND CONSOLIDATED SUBSIDIARIES

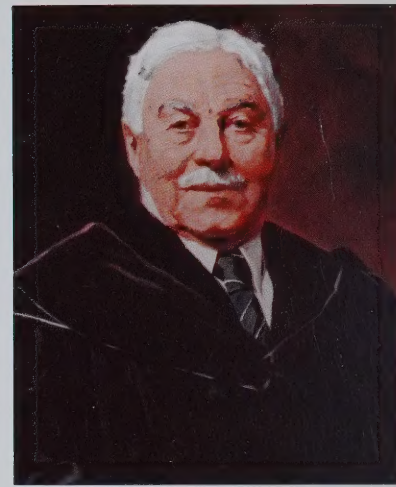
SALES BY MAJOR PRODUCT GROUPS — In Millions of Dollars



NOTE: Sales of transmission, universal joint, clutch, engine and axle parts to the industrial market are included under industrial.

DISTRIBUTION OF TOTAL REVENUE

SUPPLIERS	54.2%	\$ 788,024,000
PAYROLL, PENSIONS, INSURANCE AND SUPPLEMENTAL UNEMPLOYMENT BENEFITS	29.4%	427,393,000
TAXES	7.3%	106,562,000
DEPRECIATION	2.9%	42,666,000
CASH DIVIDENDS TO STOCKHOLDERS	1.6%	22,559,000
RETAINED FOR FUTURE GROWTH	4.6%	66,618,000
TOTAL REVENUE	100%	\$1,453,822,000



CHARLES A. DANA

April 25, 1881 - November 27, 1975

President 1914 - 1948

Chairman 1948 - 1966

We express our affection, admiration and respect for Charles Anderson Dana who for more than sixty years devoted his time, his intelligence and his energy to the development of this Corporation.

He was of New England heritage and like the granite of the state of his ancestry, Vermont, he believed in building a company on a foundation of solid rock, not on shifting sand.

While he believed in and practiced thrift, in both his personal and business life, no one was more generous with the fruits of his endeavor. The Charles A. Dana Foundation will continue after him as continuing evidence of his desire to help others so that they might help themselves.

He believed in the future of America and in the future of the transportation industry. This faith was best typified by the fact that he never disposed of a share of his Dana stock except by gift.

He believed in promoting the growth of the company, not for the sake of becoming larger but to become larger and stronger.

To those of us who had the privilege of working with him, his wise counsel will be missed and we will have a better and stronger company if we adhere to many of his principles.

John E. Martin

President 1954 - 1966

Chairman 1966 - 1972

Chairman, Executive Committee 1972

the Board of Directors

ROBERT H. DAVIES

President, The Holborn Company

MARIO A. DiFEDERICO

President, Firestone Tire and Rubber Co.

ANTONIO RUIZ GALINDO, JR.

Chairman, Desarrollo Economico S.A., Mexico

JOHN L. GUSHMAN

Chairman, Anchor Hocking Corporation

JOHN E. MARTIN

Chairman, Executive Committee

RENE C. McPHERSON

Chairman of the Board

GERALD B. MITCHELL

President

SAMUEL T. PATON

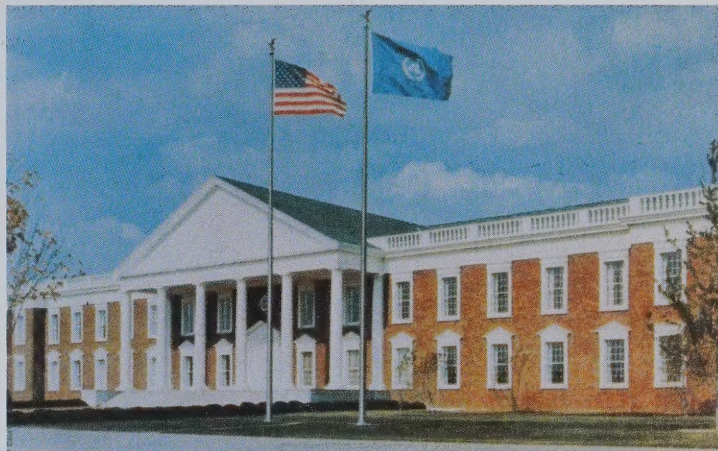
Chairman, Wobaco Holding Company, S.A.

OTIS A. SINGLETARY, JR.

President, University of Kentucky

CHARLES E. WOODRUFF

Vice Chairman, Manufacturers Hanover Trust Co.



Symbolizing Dana's worldwide involvement, the United Nations flag flies alongside the Stars and Stripes at our world headquarters in Toledo.

Dana's Senior Management Group

BOB ALLEN

Vice President, Operations
Parish Division

DICK AUBRY

Director of Finance,
Europe/Middle East

JIM AYERS

Director, Investor Relations

PAUL BARTHLOW

President, Parish Division

BEN BASILE

President, Perfect Circle Division

DON BLAIR

Manager, Internal Audit

GARY BOHN

President, Import Parts Division

BOB BYRKET

Director, Financial Planning

BOB COWIE

Vice President & General Manager
Spicer Front Drive Systems Division

MARTY De HAAN

Manager, Metal Castings Division

GEORGE DORESCO

President, Hayes-Dana Ltd.

RUDY ESKRA

General Manager, Spicer Clutch
Division

MEL ESTEY

President, Dana International,
Latin America/Africa

BILL FAIRHURST

Senior Vice President,
Administration and Planning

TOM FAIRHURST

President, Heavy Duty Marketing
Division

PARKER FIELD

Director of Administration

MORRY GAVIN

Senior Group Vice President,
Engine Parts

BUD GIAUQUE

Senior Group Vice President,
Drive Train

JACK GIGANDET

Director, Financial Accounting

FRANK GRAPER

Senior Vice President,
President Dana International

WIL GROVES

Director, Technical Center

STAN GUSTAFSON

Senior Vice President, Finance

CLIFF HANF

Director, Financial Companies and
Assistant Treasurer

JIM HARTMAN

Director of Finance,
Latin America/Africa

BILL HERRING

President, International Service Parts
and Dana World Trade Corporation

CARL HIRSCH

Vice President & General Manager
Spicer Universal Joint Division

BOB JOHNSON

President, Automotive Marketing
Division

BILL HEYWOOD

President, Dana University

VON KAUFMANN

Vice President, Manufacturing R & D

MAC LANTZ

Vice President, Industrial Relations

BOB LOWRY

President, Turbo Products Division

ART MARTIN

Controller

PHIL MAZZIOTTI

Vice President, Product

REN McPHERSON

Chairman of the Board

MERYLE METZLER

Assistant Treasurer

DREX MINSHALL

Senior Group Vice President,
Service Parts Divisions

GERRY MITCHELL

President

WOODY MORCOCK

Senior Vice President,
Hayes-Dana Ltd.

BOB MORRISON

President, Spicer Axle Division

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Treasurer

WAYNE NEATHERY

Secretary

LOU POLRIES

Director, Investment Management

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Economist

CARL RAMSEY

Manager, Flight Operations

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Group Vice President, Structural
and Industrial

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President, Dana International,
Europe/Middle East

TOM SHEA

Manager, Tax Department

BILL SHEEHAN

President, Victor Products Division

DAVE STEVENS

Vice President, International Finance
and Assistant Treasurer

MARTY STROBEL

General Counsel and
Assistant Secretary

CHARLES TRAPP

President, Formsprag Division

WADE USHER

Vice President & General Manager
Spicer Transmission Division

HERB VANDER MEY

President, Michigan Wheel Division

FRANK VOSS

Vice President, Corporate Relations



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